

Message Text

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15

ACTION NEA-12

INFO OCT-01 AF-10 EUR-25 EA-11 IO-14 ISO-00 AEC-11 AID-20

CEA-02 CIAE-00 CIEP-02 COME-00 DODE-00 EB-11 FEA-02

FPC-01 H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01

PM-07 RSC-01 SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00

PA-04 USIA-15 PRS-01 DRC-01 /221 W

----- 039928

R 110500Z APR 74

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 6705

INFO AMEMBASSY ABU DHABI

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY BRUSSELS

AMEMBASSY CAIRO

AMEMBASSY KHARTOUM

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY RABAT

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

AMCONSUL DHAHRAN

US MISSION GENEVA 133

C O N F I D E N T I A L JIDDA 1884

KUWAIT PASS DOHA; BEIRUT PASS USINT BAGHDAD

E.O. 11652: GDS

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TAGS: EFIN, XF, SA

SUBJECT: IMF HEAD "SATISFIED" WITH VISIT TO
SAUDI ARABIA

REF JIDDA 1789

BEGIN SUMMARY: IMF TEAM MEMBER REPORTS POSITIVE
PROGRESS DURING VISIT TO S.A. AND BRIEFING OF SAG ON
PROPOSED NEW OIL FUNDING FACILITY. NO DETAILS AVAILABLE,
BUT IMF D.G. MET KING AND HELD TWO DAYS OF TALKS WITH
SAMA AND FINANCE MINISTRY. TEAM TO VISIT KUWAIT, ABU
DHABI, AND LIBYA BEFORE RETURNING TO WASHINGTON EARLY
MAY. END SUMMARY

1. IMF ME EXPERT JOHN GUNTER CONFIRMED TO ECON COUNSELOR
APRIL 8 THAT D.G. WITTEVEEN QUITE SATISFIED WITH THREE-
DAY VISIT TO JIDDA AND RIYADH IN THE KINGDOM, DURING
WHICH SIX-MAN TEAM BRIEFED SAG FINANCIAL EXPERTS
ON DETAILS OF NEW SPECIAL OIL FUNDING FACILITY PROPOSED
BY WITTEVEEN. COURTESY CALL ON KING WAS ARRANGED.

2. GUNTER SAID HE WAS NOT AT LIBERTY TO GIVE ANY
DETAILS OF PROPOSAL AS FINALLY PRESENTED TO
SAG, BUT FROM OTHER SOURCES WE HAVE LEARNED BRIEFING
WAS TO BE AIMED AT EDUCATING SAUDI DECISION MAKERS,
INCLUDING PRINCE MUSA'AD, ON DEPTH AND BREDTH OF
PROBLEMS FOR INTERNATIONAL MONETARY SYSTEM CONNECTED
WITH FLOWS AND REFLOWS OF MASSIVE NEW PAYMENTS FOR OIL,
MOST OF WHICH ARE BEING DONE IN DOLLARS. SOURCE
COMMENTED THAT PROBABLY ONLY GOVERNOR ANWAR ALI WOULD
UNDERSTAND THE FULL SIGNIFICANCE AND SERIOUSNESS OF
THESE FLOWS FOR THE INTERNATIONAL COMMUNITY. (UNSTABLE
SITUATION IN ITALY, PARTLY ATTRIBUTABLE TO ENERGY CRISES,
HAS BECOME CAUSE FOR CONCERN WITHIN SAG, ACCORDING TO
THIS SOURCE.)

3. IMF TEAM TO DEPART APRIL 9 FOR KUWAIT AND THEN VISIT
ABU DHABI AND LIBYA ACCORDING TO GUNTER. TEAM RETURNS
TO WASHINGTON IN EARLY MAY.

4. WE HAVE LEARNED THAT A CENTRAL PLANNING ORGANIZATION
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MEMORANDUM ON NEED FOR SAG URGENTLY TO FIND SEVERAL NEW
MECHANISMS FOR INVESTING ITS SUR-
PLUSES HAS BEEN DRAFTED AND EITHER HAS REACHED THE
MINFINANCE ALREADY OR WILL DO SO WITHIN THE NEXT FEW
DAYS. IT CALLS FOR ESTABLISHMENT OF AN INVESTMENT TRUST
AMONG OTHER IDEAS. COMMENT: SPECIAL IMF FACILITY WAS
NEVER A POPULAR IDEA AMONG SAUDI EXPERTS AND DECISION
MAKERS IN RECENT WEEKS. WE SHALL HAVE TO WITHHOLD

JUDGEMENT ON WHETHER WITTEVEEN VISIT EFFECTIVE OR NOT.

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